

Complex Numbers – Money Marketing – February 2009

I sense a growing consensus amongst intermediary sellers of protection, that the way to survive the every swelling competition from the online aggregators is to try and offer something more than a point and click solution can provide.

This is a strategy which we have been promoting for some time. As a firm which stands with a foot in both the advised and direct to consumer camps, we have long recognised that the days of some brokers selling basic term products on a price basis are numbered. The supermarkets and big brands can quite simply cut their margin far below the level at which an advised sale remains viable.

As an industry we have to recognise that this upsurge in online sales is no bad thing. More and more consumers are buying our products in a cost effective and convenient way. But it does pose a challenge for the adviser, as he has to devise a tactic to differentiate his sale from the cost comparison sites.

The good news on this front is that it seems IFAs and other brokers still get first bite of the protection cherry. Axa's recent survey found that between 59% and 64% of respondents chose their product with the help of an adviser. Around a third of buyers cited a mortgage as the driver for their purchase.

The solution already exists of course, in the shape of the multi benefit plans which many providers have on their shelves. These more complex and adaptable protection products largely cannot be bought direct, and rely on the expert help of a broker.

Public awareness of the multi-benefit plan is incredibly low (my own straw poll conducted on a recent residential course concluded that, of the 20 or so senior management/director level delegates, only a couple had any inkling that all of their protection products could be wrapped into one plan with one direct debit), but since we know that people will visit an adviser at the "trigger" moments for protection selling, it is within our power to change the status quo.

At the recent ABI conference, Prudential's intermediated distribution director, Andy Curran, called for product simplification in future, pointing out that many financial products had increasingly become complex with numerous options.

Mr Curran is undoubtedly right; transparency and simplicity within financial services will be a major factor in increasing customer confidence in our wares. If I were an IFA however, I might not be lobbying for a complete end to more complicated plans.

This thought was brought home to me last week as I went about purchasing a new television. Faced with a phalanx of black, shiny flat screens I sought the assistance of one of the in-store experts who talked me through the various models, explaining their relative merits. "Why", I asked "don't they make it easier to tell the difference between them, and why don't they use a standard set of terminology?" "Well", he replied, "it keeps me in a job!"

By Phil Jeynes, Key Account Manager